

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Winsor	County Huron
Audit Date 3/31/05	Opinion Date 6/14/05	Date Accountant Report Submitted to State: 9/1/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)

Nietzke & Faupel, PC

Street Address

7274 Hartley Street

City

Pigeon

State

MI

ZIP

48755

Accountant Signature

Brian Hazel, CPA

Date

8/30/05

**TOWNSHIP OF WINSOR
HURON COUNTY, MICHIGAN**

**FINANCIAL REPORT
MARCH 31, 2005**

TOWNSHIP OF WINSOR

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Nietzke & Faupel, PC

Members of: Michigan Association of Certified Public Accountants • American Institute of Certified Public Accountants

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CPA's On Your Team

INDEPENDENT AUDITOR'S REPORT

Honorable Township Board Members
Township of Winsor
Huron County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Winsor, Huron County, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township of Winsor's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Winsor's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Winsor, Huron County, Michigan, as of March 31, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplementary information on pages iii through vi and 16 through 22 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

(Continued)

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Independent Auditor's Report (Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Winsor's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Nietzke + Faupel, PC
NIETZKE & FAUPEL, P.C.
PIGEON, MICHIGAN

June 14, 2005

Our discussion and analysis of Winsor Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2005. Please read it in conjunction with the Township's financial statements.

Financial Highlights

The following points represent the most significant financial highlights for the year ended March 31, 2005. These points are discussed in further detail in this discussion and analysis.

- The Fund balance in the general fund decreased from \$97,171 to \$86,873 during the past year. The decrease of \$10,298 is due primarily from two areas: decrease in property tax revenue and state revenue sharing.
- State Revenue Sharing payments for the year totaled \$60,915. This was \$6,085 lower than the budgeted amount of \$67,000. For comparison, the State Revenue Sharing payments for fiscal year 2003-04 totaled \$68,845.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view. They tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

The Township as a Whole

The following table shows a condensed view of the net assets as of March 31, 2005:

	Governmental Activities	Total
Current assets	\$ 125,110	\$ 125,110
Restricted assets	60,445	60,445
Capital assets	<u>407,344</u>	<u>407,344</u>
Total assets	<u>\$ 592,899</u>	<u>\$ 592,899</u>
Current liabilities	\$ 6,300	\$ 6,300
Noncurrent liabilities		
Total liabilities	<u>\$ 6,300</u>	<u>\$ 6,300</u>
Net assets:		
Invested in capital assets	\$ 407,344	\$ 407,344
Restricted	60,445	60,445
Unrestricted	<u>118,810</u>	<u>118,810</u>
Total net assets	<u>\$ 586,599</u>	<u>\$ 586,599</u>

Unrestricted net assets for governmental activities, the part of net assets that can be used to finance day-to-day operations, ended the fiscal year with a balance of \$118,810. This is approximately 20% of the total net assets for governmental activities.

The following table shows the changes of the net assets during the year ended March 31, 2005.

	<u>Governmental Activities</u>	<u>Total</u>
Net assets-beginning of year	<u>\$ 574,734</u>	<u>\$ 574,734</u>
Revenue		
Charges for services	22,725	22,725
Property taxes	386,222	386,222
State shared revenues	60,915	60,915
Unrestricted Investment earnings	952	952
Miscellaneous	3,823	3,823
	<u>474,637</u>	<u>474,637</u>
Total revenues	<u>474,637</u>	<u>474,637</u>
Expenses		
General government	87,608	87,608
Public safety	93,813	93,813
Highways and streets	261,745	261,745
Culture and recreation	750	750
Cemetery	14,518	14,518
Interest on long-term debt	1,421	1,421
Unallocated depreciation	2,917	2,917
	<u>462,772</u>	<u>462,772</u>
Total expenses	<u>462,772</u>	<u>462,772</u>
Change in net assets	<u>11,865</u>	<u>11,865</u>
Net assets - ending	<u>\$ 586,599</u>	<u>\$ 586,599</u>

Government Activities

This is the first year of implementation of GASB No. 34. Because of this, comparative information on a government-wide basis is not available for this year, but it will be presented in the Management's Discussion and Analysis for the year ending March 31, 2006

Capital asset and Debt Administration

As of March 31, 2005, Windsor Township had a total of approximately \$407,344 (net of depreciation) invested in capital assets including land, buildings and equipment.

Debt service totaled \$32,850 (\$31,429 principal and \$1,421 interest) in the past year on long-term debt with a remaining outstanding balance of \$ -0-.

Economic Factors and Next Year's Budgets and Rates

The Township completed the re-paving project of local roads during the past year. With no major road construction projects scheduled for the upcoming year, we plan on replenishing our fund balances for upcoming road construction projects.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions about this report or requests for additional information should be addressed to John Walsh, Township clerk, 89 S. Main Street, Pigeon, MI 48755.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF WINSOR
STATEMENT OF NET ASSETS
MARCH 31, 2005

<u>ASSETS</u>	GOVERNMENTAL <u>ACTIVITIES</u>
Cash on hand and in bank	\$ 98,199
Cash - restricted	60,445
Receivables:	
Taxes	14,655
Interest	201
Prepaid expenses	12,055
Capital assets:	
Land and building	462,215
Equipment	367,253
Less: Accumulated depreciation	(422,124)
TOTAL ASSETS	<hr/> 592,899
<u>LIABILITIES</u>	
Accounts and payroll withholdings payable	6,300
TOTAL LIABILITIES	<hr/> 6,300
<u>NET ASSETS</u>	
Invested in capital assets	407,344
Restricted for:	
Perpetual care	60,445
Unrestricted	118,810
TOTAL NET ASSETS	<hr/> \$ 586,599 <hr/>

The accompanying notes are an integral
part of the financial statements.

TOWNSHIP OF WINSOR

STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2005

	PROGRAM REVENUES			NET (EXPENSE) REVENUES & CHANGES IN NET ASSETS
	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
	EXPENSES			GOVERNMENTAL ACTIVITIES
<u>Governmental Activities</u>				
General government	\$ 87,608			\$ (87,608)
Public safety	93,813	\$ 14,500		(79,313)
Highways and streets	261,745			(261,745)
Culture and recreation	750			(750)
Cemetery	14,518	8,225		(6,293)
Interest on long - term debt	1,421			(1,421)
Unallocated depreciation	2,917			(2,917)
Total Governmental Activities	\$ 462,772	\$ 22,725	\$ -	(440,047)

General Revenue:

Property taxes	386,222
State shared revenues	60,915
Unrestricted investment earnings	952
Miscellaneous	3,823
Total general revenues	451,912
Change in net assets	11,865
Net assets - beginning	574,734
Net assets - ending	\$ 586,599

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WINSOR

BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2005

<u>ASSETS</u>	<u>GENERAL</u>	<u>CEMETERY</u>	<u>ROAD CONSTRUCTION</u>	<u>DEBT SERVICE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash on hand and in bank	\$ 98,199	\$ 60,445			\$ 158,644
Receivables:					
Taxes	14,655				14,655
Due from other fund	7,556			39,292	46,848
Interest		201			201
Prepaid expenses	12,055				12,055
TOTAL ASSETS	<u>\$ 132,465</u>	<u>\$ 60,646</u>	<u>\$ -</u>	<u>\$ 39,292</u>	<u>\$ 232,403</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts and payroll withholdings payable	\$ 6,300				\$ 6,300
Due to other funds	39,292		7,556		46,848
TOTAL LIABILITIES	<u>45,592</u>		<u>7,556</u>		<u>53,147</u>
FUND BALANCES:					
Reserved for perpetual care		60,445			60,445
Unreserved (Deficit)	86,873	201	(7,556)	39,292	118,810
TOTAL FUND BALANCES	<u>86,873</u>	<u>60,646</u>	<u>(7,556)</u>	<u>39,292</u>	<u>179,255</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 132,465</u>	<u>\$ 60,646</u>	<u>\$ -</u>	<u>\$ 39,292</u>	<u>\$ 232,403</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WINSOR
RECONCILIATION OF GOVERNMENTAL FUND BALANCES
TO GOVERNMENTAL ACTIVITIES NET ASSETS
MARCH 31, 2005

Total governmental fund balances	\$ 179,255
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. The cost of the assets is \$829,468 less the accumulated depreciation of \$422,124.	407,344
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Net assets - governmental activities	<u>\$ 586,599</u>
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TOWNSHIP OF WINSOR

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2005**

	<u>GENERAL</u>	<u>CEMETERY</u>	<u>ROAD CONSTRUCTION</u>	<u>DEBT SERVICE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUE:					
Taxes	\$ 89,054		\$ 244,895	\$ 52,273	\$ 386,222
Licenses and permits	471				471
Intergovernmental revenues	60,915				60,915
Charges for services	14,500	\$ 8,225			22,725
Investment income	136	816			952
Other	1,952	1,400			3,352
TOTAL REVENUE	<u>167,028</u>	<u>10,441</u>	<u>244,895</u>	<u>52,273</u>	<u>474,637</u>
EXPENDITURES:					
General government	87,608				87,608
Public safety	72,290				72,290
Highways and streets	11,987		249,758		261,745
Culture and recreation	750				750
Capital outlay	682				682
Principal and interest				32,850	32,850
Cemetery		14,452			14,452
TOTAL EXPENDITURES	<u>173,317</u>	<u>14,452</u>	<u>249,758</u>	<u>32,850</u>	<u>470,377</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(6,289)</u>	<u>(4,011)</u>	<u>(4,863)</u>	<u>19,423</u>	<u>4,260</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in (out)	(4,009)	4,009			-
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(10,298)</u>	<u>(2)</u>	<u>(4,863)</u>	<u>19,423</u>	<u>4,260</u>
FUND BALANCE (DEFICIT) - APRIL 1	97,171	203	(2,693)	19,869	114,550
FUND BALANCE (DEFICIT) - MARCH 31	<u>\$ 86,873</u>	<u>\$ 201</u>	<u>\$ (7,556)</u>	<u>\$ 39,292</u>	<u>\$ 118,810</u>

The accompanying notes are an integral
part of the financial statements.

TOWNSHIP OF WINSOR

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2005

Net change in fund balance - governmental funds \$ 4,260

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities, assets with an initial, individual cost of more than
\$500 are capitalized and the cost is allocated over their estimated useful
lives and reported as depreciation expense. This is the amount by which
depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 682	
Depreciation expense	(24,506)	
Repayment of principal of debt is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	<u>31,429</u>	<u>7,605</u>
Change in net assets of governmental activities		<u>\$ 11,865</u>

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Township Operations:

The Township is located in Huron County, Michigan, and has approximately 2,044 residents. It is governed by a five person elected board and provides the following services to its residents: fire protection, highways and streets, cemetery services and general administrative services.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The accounting policies of the Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used in the Township is discussed below.

In June 1999, GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the Township's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Township has elected to implement the general provisions of the Statement in the current year.

Reporting Entity:

In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB 14 pronouncement. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no organizations that are deemed to be component units of the Township.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Government Wide and Fund Financial Statements:

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental type. The Township's general administrative services, public safety, highways and public improvements and cemetery, are classified as governmental activities.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they become available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the Township are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the Township.

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The Township reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for General and Special Revenue Funds are identical. The Township accounts for the Cemetery and Road Construction in special revenue funds.

Debt Service Fund - Debt Service Fund accounts for the servicing of long-term debt of the Township. Sources of funds for the servicing of the debt include property taxes restricted for debt service.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:
(Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Receivables and Payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds."

Other receivables at March 31, 2005 consist of property taxes and interest. Taxes are deemed collectible in full.

Property Taxes:

Properties are assessed as of December 31, and the related property taxes become a lien on December 1, of the following year. These taxes are due on February 14, with the final collection date of February 28, before they are added to the county tax rolls.

The delinquent real property taxes of the Township are purchased by the County of Huron. The County sells tax notes, the proceeds of which are used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year.

Capital Assets:

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Capital Assets: (Continued)

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 to 50
Machinery and equipment	5 to 20
Improvements other than buildings	20

Depreciation of capital assets used by governmental funds is charged as an expense against their operations on the Statement of Activities. Accumulated depreciation is reported on the governmental fund Statement of Net Assets. Depreciation expense for the year ended March 31, 2005 was \$24,506. Capital asset acquisitions in the governmental funds totaled \$682 for the year ended March 31, 2005. A summary of Governmental Fund capital assets at March 31, 2005, follows:

Land	\$32,510
Buildings	429,705
Equipment	367,253
Less accumulated depreciation	<u>(422,124)</u>
NET GOVERNMENTAL FUND CAPITAL ASSETS	<u>\$407,344</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Public Safety	\$ 21,523
Cemetery	66
Unallocated	<u>2,917</u>
Total depreciation expense – governmental activities	<u>\$ 24,506</u>

Use of Estimates:

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures/expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Interfund Receivables and Payables :

At March 31, 2005, the balance of General Fund interfund receivables and payables was as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$7,556	
General Fund		\$39,292
Road Fund		7,556
Debt Retirement	<u>39,292</u>	
Total	<u>\$46,848</u>	<u>\$46,848</u>

NOTE 2 - PENSION PLAN :

During the year ended March 31, 2000 the township adopted a Money Purchase Pension Plan covering all employees, that are age 18, from date of hire. The township contributes 6% of W-2 wages with 100% immediate vesting. Participants in the previous plan rolled over their account balances to the new plan. For the year ended March 31, 2005 total wages and covered wages were \$86,861. Township contributions were \$5,041 and employee contributions were zero. The plan has fully vested assets of \$57,039 at March 31, 2005.

NOTE 3 – BUDGET COMPLIANCE:

In the required supplemental information, the Township's actual expenditures and budgeted expenditures, as amended, for budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the line item level.

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. Actual expenditures exceeded budgeted expenditures in the following budgetary funds.

	<u>TOTAL APPROPRIATION</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
General Fund:			
Elected Officials	\$ 5,190	\$ 5,230	\$ (40)
Road Fund:			
Road Construction	234,000	249,758	(15,758)
Cemetery Fund:			
Total Expenditures	13,415	14,452	(1,037)
Debt Service Fund:			
Total Expenditures	32,831	32,850	(19)

(Continued)

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 4 – DETAIL NOTES ON ALL FUNDS:

A. As of March 31, 2005, the Township has a carrying amount of \$158,644 of deposits (cash and deposits) in local banks and the bank balance was \$323,509. Of the bank balance, \$160,445 was covered by the Federal Deposit Insurance Corporation and \$163,064 remained uninsured and uncollateralized.

Michigan Compiled Laws Section 129.91 authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Attorney General's Opinion Number 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Township's deposits are in accordance with statutory authority.

B. Property taxes are levied based on the taxable value of property located in the Township. Assessed value is established annually and equalized by the State at an estimated 50% of current market value. A comparison of the assessed and taxable property values for the 2004 tax levy is as follows:

	ASSESSED VALUE	TAXABLE VALUE
Real and personal property	\$78,385,000	\$67,085,723
Industrial facilities	<u>6,483,000</u>	<u>6,479,965</u>
TOTAL	<u>\$84,868,000</u>	<u>\$73,565,688</u>

The Township, as a general law Township, is not authorized to levy taxes without a vote. The Huron County Tax Allocation Board, in 1960, allocated up to 1.30 mills per \$1,000 of taxable value for general law townships for general operations. For the year ended March 31, 2005, the Township levied 1.2154 mills for general governmental services, 3.4824 mills for roads, and .7434 mills for fire. Total millage levied was 5.4412.

C. Risk Management:

Winsor Township purchased commercial insurance coverage for all general liability coverage, and the Township also purchased commercial insurance coverage for losses related to worker's compensation claims. For the year ended March 31, 2005, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the year or the three prior years.

TOWNSHIP OF WINSOR
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 5 – LONG-TERM DEBT:

The following is a summary of the debt transactions of the Township for the year ended March 31, 2005:

	<u>Fire Hall</u>	<u>Fire Equipment</u>
Note Payable April 1, 2004	\$18,669	\$12,760
Retired	<u>(18,669)</u>	<u>(12,760)</u>
Note Payable March 31, 2005	\$ <u>0</u>	\$ <u>0</u>

Total interest expense for the Township for the year ended March 31, 2005 was \$1,421.

NOTE 6 – ROAD FUND DEFICIT BALANCE:

The Winsor Township Road Fund has a deficit balance of \$7,556. This deficit will be eliminated as part of the budget for the year ended March 31, 2006, which was adopted by the township board on April 4, 2005 as follows:

Road Construction Fund	
Revenue	\$244,000
Expenditures	<u>218,000</u>
Excess Revenue	26,000
Fund balance April 1, 2005(Deficit)	<u>(7,556)</u>
Fund Balance March 31, 2006	\$ <u>18,444</u>

REQUIRED SUPPLEMENTAL INFORMATION

TOWNSHIP OF WINSOR

**GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
TAXES:				
Taxes	\$ 80,520	\$ 80,520	\$ 85,467	\$ 4,947
Administration fees	3,587	3,587	3,587	-
TOTAL TAXES	<u>84,107</u>	<u>84,107</u>	<u>89,054</u>	<u>4,947</u>
LICENSES AND PERMITS	<u>250</u>	<u>250</u>	<u>471</u>	<u>221</u>
INTERGOVERNMENTAL:				
State revenue sharing	67,000	67,000	60,915	(6,085)
TOTAL INTERGOVERNMENTAL	<u>67,000</u>	<u>67,000</u>	<u>60,915</u>	<u>(6,085)</u>
CHARGES FOR SERVICES	<u>11,400</u>	<u>11,400</u>	<u>14,500</u>	<u>3,100</u>
INTEREST	<u>361</u>	<u>500</u>	<u>136</u>	<u>(364)</u>
OTHER REVENUE	<u>1,952</u>	<u>1,952</u>	<u>1,952</u>	<u>-</u>
TOTAL REVENUES	<u>165,070</u>	<u>165,209</u>	<u>167,028</u>	<u>1,819</u>
EXPENDITURES:				
General Government				
Elected Officials				
Salaries	2,860	4,450	4,640	(190)
Payroll taxes	340	340	362	(22)
Travel and Seminar	200	200	148	52
Retirement	200	200	80	120
Total Elected officials	<u>3,600</u>	<u>5,190</u>	<u>5,230</u>	<u>(40)</u>
Supervisor				
Supervisor salary	7,600	7,600	7,245	355
Assessor	11,200	12,700	12,637	63
Building inspector	1,000	1,500	-	1,500
Payroll taxes	800	1,300	1,323	(23)
Travel and seminar	1,000	3,000	2,669	331
Retirement	500	1,000	1,153	(153)
Other	595	1,000	915	85
Total Supervisor	<u>22,695</u>	<u>28,100</u>	<u>25,942</u>	<u>2,158</u>
Elections				
Supplies and expense	2,500	2,850	2,772	78
Total Elections	<u>2,500</u>	<u>2,850</u>	<u>2,772</u>	<u>78</u>

TOWNSHIP OF WINSOR

**GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005**

EXPENDITURES (Continued)	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
Clerk				
Salary	10,028	10,028	10,028	-
Payroll taxes	800	800	767	33
Dues	1,200	1,200	1,113	87
Insurance and bonds	5,694	5,622	6,539	(917)
Office supplies and expense	750	750	340	410
Postage	200	200	211	(11)
Printing and publishing	2,000	2,000	1,236	764
Professional fees - audit	1,000	1,000	975	25
Pension plan fees	753	753	753	-
Retirement	800	800	662	138
Telephone	500	500	490	10
Travel & seminar	275	275	272	3
Utilities & maintenance - Hall	8,000	8,000	8,134	(134)
Total Clerk	<u>32,000</u>	<u>31,928</u>	<u>31,520</u>	<u>408</u>
Treasurer				
Salary	10,028	10,028	10,028	-
Payroll taxes	1,050	1,050	1,042	8
Retirement	808	808	880	(72)
Summer tax salary	3,588	3,588	3,587	1
Postage and supplies	2,000	2,000	1,139	861
Tax roll preparation	5,084	5,600	4,013	1,587
Travel & seminar	442	442	85	357
Total Treasurer	<u>23,000</u>	<u>23,516</u>	<u>20,774</u>	<u>2,742</u>
Zoning and Board of Review				
Salaries	950	1,750	1,261	489
Supplies and other	250	250	109	141
Total Zoning and Board of Review	<u>1,200</u>	<u>2,000</u>	<u>1,370</u>	<u>630</u>
TOTAL GENERAL GOVERNMENT	<u>84,995</u>	<u>93,584</u>	<u>87,608</u>	<u>5,976</u>
Public Safety:				
Fire Department				
Salaries	40,000	50,000	38,999	11,001
Payroll taxes	4,100	4,100	3,190	910
Retirement	2,000	2,000	2,257	(257)
Dues and other expenses	2,800	2,800	1,185	1,615
Fire Hall expense	3,500	5,000	3,866	1,134

TOWNSHIP OF WINSOR

**GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
Public Safety (Continued)				
Insurance	10,000	10,000	11,261	(1,261)
Gas and oil	750	750	661	89
Maintenance - Equipment	1,700	3,000	773	2,227
Maintenance - Vehicles	5,000	5,000	3,417	1,583
Telephone - Alarm	500	500	549	(49)
Total Fire Department	<u>70,350</u>	<u>83,150</u>	<u>66,158</u>	<u>16,992</u>
Ambulance Subsidy	<u>6,500</u>	<u>6,500</u>	<u>6,132</u>	<u>368</u>
Total Public Safety	<u>76,850</u>	<u>89,650</u>	<u>72,290</u>	<u>17,360</u>
Highways and Streets				
Road maintenance	14,600	14,600	11,987	2,613
Culture and Recreation				
Library and Historical Society	850	850	750	100
Capital Outlay				
Equipment	-	3,000	682	2,318
TOTAL EXPENDITURES	<u>177,295</u>	<u>201,684</u>	<u>173,317</u>	<u>28,367</u>
EXCESS OF REVENUE (UNDER) EXPENDITURES	<u>(12,225)</u>	<u>(36,475)</u>	<u>(6,289)</u>	<u>30,186</u>
OTHER FINANCING USES:				
Operating transfers out	<u>(3,525)</u>	<u>(4,794)</u>	<u>(4,009)</u>	<u>785</u>
EXCESS OF REVENUE (UNDER) EXPENDITURES AND OTHER USES	<u>(15,750)</u>	<u>(41,269)</u>	<u>(10,298)</u>	<u>30,971</u>
FUND BALANCE - APRIL 1	<u>97,171</u>	<u>97,171</u>	<u>97,171</u>	
FUND BALANCE - MARCH 31	<u>\$ 81,421</u>	<u>\$ 55,902</u>	<u>\$ 86,873</u>	<u>\$ 30,971</u>

TOWNSHIP OF WINSOR

CEMETERY FUND

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
REVENUE:				
Charges for services	\$ 6,800	\$ 6,800	\$ 8,225	\$ 1,425
Investment income	420	420	816	396
Other	2,555	1,400	1,400	-
TOTAL REVENUE	<u>9,775</u>	<u>8,620</u>	<u>10,441</u>	<u>1,821</u>
EXPENDITURES:				
General government	13,300	13,415	14,452	(1,037)
TOTAL EXPENDITURES	<u>13,300</u>	<u>13,415</u>	<u>14,452</u>	<u>(1,037)</u>
EXCESS OF REVENUE (UNDER) EXPENDITURES	<u>(3,525)</u>	<u>(4,795)</u>	<u>(4,011)</u>	<u>784</u>
OTHER FINANCING SOURCES:				
Operating transfers in	3,525	4,795	4,009	(786)
EXCESS OF REVENUE AND OTHER SOURCES (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>(2)</u>
FUND BALANCE - APRIL 1	<u>203</u>	<u>203</u>	<u>203</u>	
FUND BALANCE - MARCH 31	<u>\$ 203</u>	<u>\$ 203</u>	<u>\$ 201</u>	<u>\$ (2)</u>

TOWNSHIP OF WINSOR
ROAD CONSTRUCTION FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUE:				
Taxes	\$ 237,000	\$237,000	\$244,895	\$ 7,895
TOTAL REVENUE	<u>237,000</u>	<u>237,000</u>	<u>244,895</u>	<u>7,895</u>
EXPENDITURES:				
Road construction	234,000	234,000	249,758	(15,758)
TOTAL EXPENDITURES	<u>234,000</u>	<u>234,000</u>	<u>249,758</u>	<u>(15,758)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>3,000</u>	<u>3,000</u>	<u>(4,863)</u>	<u>(7,863)</u>
FUND BALANCE (DEFICIT) - APRIL 1	(2,693)	(2,693)	(2,693)	
FUND BALANCE (DEFICIT) - MARCH 31	<u>\$ 307</u>	<u>\$ 307</u>	<u>\$ (7,556)</u>	<u>\$ (7,863)</u>

TOWNSHIP OF WINSOR

DEBT SERVICE FUND

STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED MARCH 31, 2005

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
REVENUE:				
Taxes	\$ 50,000	\$ 50,000	\$ 52,273	\$ 2,273
TOTAL REVENUE	<u>50,000</u>	<u>50,000</u>	<u>52,273</u>	<u>2,273</u>
EXPENDITURES:				
Bond principal payments	31,929	31,429	31,429	-
Interest and paying agent fees	2,000	1,402	1,421	(19)
TOTAL EXPENDITURES	<u>33,929</u>	<u>32,831</u>	<u>32,850</u>	<u>(19)</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>16,071</u>	<u>17,169</u>	<u>19,423</u>	<u>2,254</u>
FUND BALANCE - APRIL 1	19,869	19,869	19,869	
FUND BALANCE - MARCH 31	<u>\$ 35,940</u>	<u>\$ 37,038</u>	<u>\$ 39,292</u>	<u>\$ 2,254</u>

SUPPLEMENTAL INFORMATION

TOWNSHIP OF WINSOR

TAX COLLECTION AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED MARCH 31, 2005

<u>ASSETS</u>	BALANCE APRIL 1, 2004	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	BALANCE MARCH 31, 2005
Cash in bank	\$ 1,412	\$2,268,917	\$ 2,268,917	\$ 1,412
TOTAL ASSETS	<u>\$ 1,412</u>	<u>\$2,268,917</u>	<u>\$ 2,268,917</u>	<u>\$ 1,412</u>
 <u>LIABILITIES</u>				
Due to Huron County	\$ -	\$ 850,498	\$ 850,498	\$ -
Due to schools	-	901,134	901,134	-
Due to library	-	68,437	68,437	-
Due to other funds	-	448,846	448,846	-
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$2,268,916</u>	<u>\$ 2,268,916</u>	<u>\$ -</u>

TOWNSHIP OF WINSOR

TAX COLLECTION AGENCY FUND
SCHEDULE OF ADDITIONS AND DEDUCTIONS
YEAR ENDED MARCH 31, 2005

ADDITIONS:

Current property tax	\$ 2,252,176
County revolving fund	14,655
Interest	844
Miscellaneous	1,242

TOTAL ADDITIONS

2,268,917

DEDUCTIONS:

Huron County	423,661
Huron County - SET	426,837
Huron Intermediate School District	321,267
EPBP Laker School	579,867
Pigeon District Library	68,437
Township allocated	82,194
Township roads	235,516
Township fire Hall	50,271
Drains at large	80,865

TOTAL DEDUCTIONS

2,268,917

NET ADDITIONS OVER DEDUCTIONS

\$ -